

## ARTICLE VIII

### FINANCE

#### Section 801. Fiscal Year

The Town shall operate on an annual budget. The fiscal year of the Town shall begin on the first day of July and shall end on the last day of June in each year. Such fiscal year shall constitute the tax year, the budget year, and the accounting year.

#### Section 802. Proposed Budget

The Mayor shall on such date as the Council may determine, but not later than the third Monday in April of each year, submit to the Council a proposed budget of anticipated revenues and proposed expenditures for the coming year. Such proposed budget shall be supported by a written financial plan, including the basis for estimates of anticipated revenues and proposed expenditures for the coming year and the major results to be achieved. The proposed budget shall be a public record and available in the Town office.

#### Section 803. Budget Adoption

Before adopting the budget the Council shall hold a public hearing thereon after due notice has been given in a newspaper of general circulation within the municipality. The Council may insert new items or may increase or decrease the items of the budget. Where the Council shall increase the total proposed expenditures it shall also increase the total anticipated revenues in an amount at least equal to such total proposed expenditures. The budget shall be prepared and adopted in the form of an ordinance. A favorable vote of at least a majority of the total elected membership of the Council shall be necessary for adoption.

#### Section 804. Appropriations

No public money may be expended without having been appropriated by the Council. From the effective date of the budget, the several amounts stated therein as proposed expenditures shall be and become appropriated to the several objects and purposes named therein.

#### Section 805. Transfer of Funds

Any transfer of funds between major appropriations for different purposes by the Mayor must be approved by the Council before becoming effective.

Section 806. Over-expenditure Forbidden

No officer or employee shall during any budget year expend or contract to expend any money or incur any liability or enter into any contract which by its terms involves the expenditures of money for any purpose, in excess of the amounts appropriated for or transferred to that general classification of expenditure pursuant to this Charter. Any contract, verbal or written, made in violation of this Charter shall be null and void. Nothing in this section contained, however, shall prevent the making of contracts or the spending of money for capital improvements to be financed in whole or in part by the issuance of bonds, nor the making of contracts of lease or for services for a period exceeding the budget year in which such contract is made, when such contract is permitted by law.

Section 807. Appropriations Lapse After One Year

All appropriations shall lapse at the end of the budget year to the extent that they shall not have been expended or lawfully encumbered. Any unexpended and unencumbered funds shall be considered a surplus at the end of the budget year and shall be included among the anticipated revenues for the next succeeding budget year.

Section 808. Checks

All checks issued in payment of salaries or other municipal obligations shall be issued and signed by the Clerk-Treasurer and shall be countersigned by the Mayor. In either person's absence or incapacity, the President pro tem of the Council, or in his absence, a Council Member with the approval of a Majority of Council Members, may sign or countersign a check.

Section 809. Taxable Property

All real property and all tangible personal property within the corporate limits of the Town, or personal property which may have a situs there by reason of the residence of the owner therein, shall be subject to taxation for municipal purposes, and the assessment used shall be the same as that for state and county taxes. No authority is given by this section to impose taxes on any property which is exempt from taxation by any Act of the General Assembly.

Section 810. Budget Authorizes Levy

From the effective date of the budget, the amount stated therein as the amount to be raised by the property tax shall constitute a determination of the amount of the tax levy in the corresponding tax year.

#### Section 811. Fees

All fees received by officials or employees of the Town government in their official capacities shall belong to the Town government and be accounted for to the Town.

#### Section 812. Audit

The financial books and accounts of the Town shall be audited annually as required by the Annotated Code of Maryland.

#### Section 813. Tax Anticipation Borrowing; Sale of Municipal Bonds or Notes

During the first six (6) months of any fiscal year, the Town shall have the power to borrow in anticipation of the collection of the property tax levied for that fiscal year, and to issue tax anticipation notes or other evidences of indebtedness as evidences of such borrowing. Such tax anticipation notes or other evidences of indebtedness shall be a first lien upon the proceeds of such tax and shall mature and be paid not later than six (6) months after the beginning of the fiscal year in which they are issued. No tax anticipation notes or other evidences of indebtedness shall be issued which will cause the total tax anticipation indebtedness of the Town to exceed fifty per centum (50%) of the property tax levy for the fiscal year in which such notes or other evidences of indebtedness are issued. All tax anticipation notes or other evidences of indebtedness shall be authorized by ordinance before being issued. The Council shall have the power to regulate all matters concerning the issuance and sale of tax anticipation notes.

#### Section 814. Payment of Indebtedness

The power and obligation of the Town to pay any and all bonds, notes, or other evidences of indebtedness issued by it under the authority of this Charter shall be unlimited and the Town shall levy ad valorem taxes upon all the taxable property of the Town for the payment of such bonds, notes, or other evidences of indebtedness, and interest thereon, without limitation or amount. The full faith and credit of the Town is hereby pledged for the payment of the principal of and the interest on all bonds, notes, or other evidences of indebtedness, hereafter issued under the authority of this Charter, whether or not such pledge be stated in the bonds, notes or other evidences of indebtedness, or in the Ordinance authorizing their issuance. All such bonds, notes or other evidences of indebtedness shall be issued in the manner prescribed by the Annotated Code of Maryland as the same may from time to time be amended, except that the limitations contained therein shall not apply to the issuance of bonds, notes or other evidences of indebtedness by the Town of Kensington, but the Council Members of the Town shall have the option, in each instance, to determine whether any such bonds, notes, or other evidences of indebtedness shall be sold at public sale as prescribed by the Annotated Code of Maryland whether the same shall be sold by negotiation at private sale without solicitation or competitive bids.

#### Section 815. Previous Issues

All bonds, notes, or other evidences of indebtedness validly issued by the town previous to the effective date of this charter and all ordinances passed concerning them are hereby declared to be valid, legal, and binding and of full force and effect as if herein fully set forth.

#### Section 816. Purchasing and Contracts

The Council may provide by ordinance for rules and regulations regarding the use of competitive bidding and contracts for all Town purchases and contracts. All expenditures for supplies, materials, equipment, construction of public improvements, or contractual service involving more than ten thousand dollars (\$10,000) shall be made by written contract. The Clerk-Treasurer shall be required to advertise for sealed bids, in such manner as may be prescribed by ordinance, for all such written contracts. The written contracts shall be awarded to the bidder who offers the lowest or best bid, quality of goods and work, time of delivery or completion, and responsibility of bidders being considered. All such written contracts shall be approved by the Council before becoming effective. The Mayor and Council have the right to reject all bids and readvertise. The Town at any time at its discretion may employ its own forces for the construction or reconstruction of public improvements without advertising for (or readvertising for) or receiving bids. Such bonds, penalties, and conditions may protect all written contracts as the Town may require.